

## SENATE BILL No. 563

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1; IC 36-7-4-1350.

**Synopsis:** Residential reassessments. Allows a county to require newly subdivided land to be reassessed on a lot basis rather than an acreage basis when a certificate of occupancy or other approval is issued for a lot. Allows a county to adopt an ordinance to impose an impact fee based upon the reassessment. Provides that the assessed value of the real property may not be considered for purposes of budgeting and computing maximum levies in the year of the reassessment.

**Effective:** January 1, 2002.

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January 23, 2001, read first time and referred to Committee on Finance.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 563

A BILL FOR AN ACT to amend the Indiana Code concerning real property.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-4-12 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 12. **(a) This**  
3       **section applies to a county that has not adopted an impact fee**  
4       **ordinance under IC 36-7-4-1350.**

5       **(b)** If land assessed on an acreage basis is subdivided into lots, the  
6       land shall be reassessed on the basis of lots. If land is rezoned for, or  
7       put to, a different use, the land shall be reassessed on the basis of its  
8       new classification. If improvements are added to real property, the  
9       improvements shall be assessed. An assessment or reassessment made  
10      under this section is effective on the next assessment date. However,  
11      if land assessed on an acreage basis is subdivided into lots, the lots may  
12      not be reassessed until the next assessment date following a transaction  
13      which results in a change in legal or equitable title to that lot. No  
14      petition to the state board of tax commissioners is necessary with  
15      respect to an assessment or reassessment made under this section.

16      SECTION 2. IC 6-1.1-4-12.3 IS ADDED TO THE INDIANA  
17      CODE AS A **NEW** SECTION TO READ AS FOLLOWS



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[EFFECTIVE JANUARY 1, 2002]: Sec. 12.3 (a) This section applies only to a county that adopts an impact fee ordinance under IC 36-7-4-1350.

(b) If land assessed on an acreage basis is subdivided into lots, the land shall be reassessed on the basis of lots under subsection (c) or (d). If land is rezoned for and put to a different use, the land shall be reassessed on the basis of its new classification. If improvements are added to real property, the improvements shall be assessed. An assessment or reassessment made under this subsection is effective on the next assessment date.

(c) This subsection applies if a certificate of occupancy or other approval to occupy a structure is required for the area where the lot is located. If land assessed on an acreage basis is subdivided into lots, a lot and improvements added to the lot shall be reassessed as of the last day of the next full month following:

- (1) the date a certificate of occupancy is issued for the lot; or
- (2) the date other approval to occupy a structure on the lot is issued for the lot;

by the appropriate government official or agency. However, if the date described in either subdivision (1) or (2) is after November 30 and before January 1 of the following calendar year, the real property shall be reassessed as if the date of the certificate of occupancy or other approval is January 1 of the following calendar year.

(d) This subsection applies if neither a certificate of occupancy nor other approval to occupy a structure is required for the area where the lot is located. If land assessed on an acreage basis is subdivided into lots, the lots may not be reassessed until the next assessment date following a transaction that results in a change in legal or equitable title to that lot.

(e) A reassessment of a lot and improvements added to the lot under subsection (c) is effective immediately for purposes of determining, for the calendar year in which the reassessment occurs, the amount of the impact fee imposed under IC 36-7-4-1350 of the person obtaining:

- (1) a certificate of occupancy; or
- (2) other approval to occupy a structure on the lot.

(f) A reassessment conducted under subsection (d) remains effective for the assessment date of the calendar year following the calendar year of the reassessment as if the real property had been first reassessed as of the assessment date of the following year.

(g) A township assessor completing a reassessment of a lot and

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1 improvements under subsection (c) shall certify to the county  
 2 assessor, the county auditor, and the county treasurer the following  
 3 within ten (10) days after completing the reassessment:

4 (1) The legal description of the real property reassessed.

5 (2) The assessed value of the real property.

6 (3) The mailing address of the owner of the real property.

7 (h) A township assessor completing a reassessment of a lot and  
 8 improvements under subsection (c) shall notify the owner of the  
 9 real property of the real property's assessed value within five (5)  
 10 days after the completion of the reassessment.

11 (i) No petition to the state board of tax commissioners is  
 12 necessary with respect to an assessment or reassessment made  
 13 under this section.

14 SECTION 3. IC 6-1.1-5-15 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 15. (a) Except as  
 16 provided in subsection (b), before an owner of real property  
 17 demolishes, structurally modifies, or improves it at a cost of more than  
 18 five hundred dollars (\$500) for materials or labor, or both, the owner  
 19 or the owner's agent shall file with the county assessor in the county  
 20 where the property is located an assessment registration notice on a  
 21 form prescribed by the state board of tax commissioners.

22 (b) If the owner of the real property or the person performing the  
 23 work for the owner is required to obtain a permit from an agency or  
 24 official of the state or a political subdivision for the demolition,  
 25 structural modification, or improvement, the owner or the person  
 26 performing the work for the owner is not required to file an assessment  
 27 registration notice.

28 (c) Each state or local government official or agency shall, before  
 29 the tenth day of each month, deliver a copy of each permit described in  
 30 subsection (b) to the assessor of the county in which the real property  
 31 to be improved is situated.

32 (d) **If a certificate of occupancy or other approval to occupy a**  
 33 **newly constructed structure on land platted as a lot is required in**  
 34 **the area where the lot is located, the government official or agency**  
 35 **issuing the certificate or other approval shall deliver a copy of the**  
 36 **certificate or other approval to the assessor of the county in which**  
 37 **the lot is located. Before the tenth day of each month, the official**  
 38 **or agency shall deliver copies of all certificates or other approvals**  
 39 **to occupy structures on lots that were issued by the official or**  
 40 **agency during the previous month to the assessor of the county in**  
 41 **which the lots are located.**

42 (e) Before the ~~last~~ twentieth day of each month, the county assessor

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shall distribute a copy of each assessment registration notice filed under subsection (a), ~~or each permit received under subsection (b); subsection (c), and each certificate or other approval received under subsection (d)~~ to the assessor of the township in which the real property ~~to be demolished, modified, or improved~~ is situated.

~~(e)~~ (f) A fee of five dollars (\$5) shall be charged by the county assessor for the filing of the assessment registration notice. All fees collected by the county assessor shall be deposited in the county property reassessment fund.

~~(f)~~ (g) A township or county assessor shall immediately notify the county treasurer if the assessor discovers property that has been improved or structurally modified at a cost of more than five hundred dollars (\$500) and the owner of the property has failed to obtain the required building permit or to file an assessment registration notice.

~~(g)~~ (h) Any person who fails to:

(1) file the registration notice required by subsection (a); or

(2) obtain a building permit described in subsection (b);

before demolishing, structurally modifying, or improving real property is subject to a civil penalty of one hundred dollars (\$100). The county treasurer shall include the penalty on the person's property tax statement and collect it in the same manner as delinquent personal property taxes under IC 6-1.1-23. However, if a person files a late registration notice, the person shall pay the fee, if any, and the penalty to the county assessor at the time the person files the late registration notice.

SECTION 4. IC 6-1.1-13-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 6. **(a) Except as provided in subsection (b),** a county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county before July 1 in the year in which the general reassessment is to commence. The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

**(b) A county assessor may not consider the assessed value of real property reassessed under IC 6-1.1-4-12.3(c) in the particular calendar year of the reassessment.**

SECTION 5. IC 6-1.1-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. (a) On or



before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the state board of tax commissioners. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
- (3) the current assessed valuation as shown on the abstract of charges;
- (4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the state board of tax commissioners; and
- (5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

- (1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and
- (2) any other information at the disposal of the county auditor which might affect the estimate.

**(c) The certified statement required under this section may not include the assessed value of real property reassessed under IC 6-1.1-4-12.3(c) during the calendar year. The assessed value of real property reassessed under IC 6-1.1-4-12.3(c) may not be considered for purposes of this chapter until the calendar year following the particular calendar of the reassessment of the real property.**

**(d)** The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 6. IC 6-1.1-18.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) For purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most

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immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the civil taxing unit's total assessed value of all taxable property in the particular calendar year, divided by the civil taxing unit's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Determine the greater of the result computed in STEP THREE or one and five-hundredths (1.05).

STEP FIVE: Determine the lesser of the result computed in STEP FOUR or one and one-tenth (1.1).

(b) If the assessed values of taxable property used in determining a civil taxing unit's property taxes that are first due and payable in a particular calendar year are significantly increased over the assessed values used for the immediately preceding calendar year's property taxes due to the settlement of litigation concerning the general reassessment of that civil taxing unit's real property, then for purposes of determining that civil taxing unit's assessed value growth quotient for an ensuing calendar year, the state board of tax commissioners shall replace the quotient described in STEP TWO of subsection (a) for that particular calendar year. The state board of tax commissioners shall replace that quotient with one that as accurately as possible will reflect the actual growth in the civil taxing unit's assessed values of real property from the immediately preceding calendar year to that particular calendar year.

**(c) The assessed value of real property reassessed under IC 6-1.1-4-12.3(c) in a particular calendar year may not be included in a civil taxing unit's total assessed value for purposes of computing the civil taxing unit's assessed value growth quotient under subsection (a) until the calendar year following the particular calendar year of the reassessment of the real property under IC 6-1.1-4-12.3(c).**

SECTION 7. IC 6-1.1-22-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) **Except as provided in subsection (c),** the auditor of each county shall, before March 15 of each year, prepare a roll of property taxes payable in that year for the county. This roll shall be known as the "tax duplicate" and shall show:

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- (1) the value of all the assessed property of the county;
- (2) the person liable for the taxes on the assessed property; and
- (3) any other information that the state board of accounts, with the advice and approval of the state board of tax commissioners, may prescribe.

(b) The county auditor shall comply with the instructions issued by the state board of accounts for the preparation, preservation, alteration, and maintenance of the tax duplicate. The county auditor shall deliver a copy of the tax duplicate prepared under subsection (a) to the county treasurer before March 1 of each year.

**(c) The county auditor is not required to add the assessed value of real property reassessed under IC 6-1.1-4-12.3(c) to the tax duplicate prepared under subsection (a) until March 15 of the calendar year following the calendar year of the reassessment.**

SECTION 8. IC 36-7-4-1350 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 1350. (a) This section applies only to a county. If a county adopts an impact fee ordinance under this section, sections 1301 through 1342 of this chapter do not apply to the county.**

**(b) The county fiscal body may adopt an ordinance under this section imposing an impact fee on the development of land that is subdivided into lots and reassessed on the basis of lots under IC 6-1.1-4-12.3(c). An impact fee imposed under this section must be based upon the assessed value of the real property as determined in a reassessment under IC 6-1.1-4-12.3(c). Before adopting an ordinance under this section, the county fiscal body must:**

- (1) conduct a public hearing on the proposed ordinance; and**
- (2) publish notice of the public hearing in the manner prescribed by IC 5-3-1.**

**(c) Within thirty (30) days after receiving the township assessor's certification of a reassessment held under IC 6-1.1-4-12.3(c), the county auditor shall:**

- (1) calculate the owner's impact fee liability for the calendar year of the reassessment; and**
- (2) certify the amount of the liability to the county treasurer.**

**(d) The county auditor shall use the property tax rates of each taxing unit in which the real property is located for property taxes due and payable in the calendar year of the reassessment held under IC 6-1.1-4-12.3(c) to calculate the owner's impact fee liability under this section.**

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(e) The owner's impact fee liability under this section is the result reached in the last STEP of the following STEPS:

STEP ONE: Determine the real property's assessed value as certified under IC 6-1.1-4-12.3(g).

STEP TWO: Multiply the STEP ONE result by the tax rate of each taxing unit in which the real property is located.

STEP THREE: Determine the sum of the products determined under STEP TWO.

STEP FOUR: Determine the number of days remaining in the calendar year following the date of the issuance of the certificate of occupancy or other approval required to occupy a structure on the real property.

STEP FIVE: Divide the number determined under STEP FOUR by three hundred sixty-five (365) and express the result as a percentage.

STEP SIX: Multiply the STEP FIVE result by the STEP THREE result.

(f) An impact fee imposed under this section is due in two equal installments on May 10 and November 10 of the calendar year following the calendar year of the reassessment held under IC 6-1.1-4-12.3. An impact fee imposed under this section must be paid to the county treasurer.

(g) The county treasurer shall either:

(1) mail to the last known address of each person liable for the impact fee imposed under this section a statement of the impact fee due under this section; or

(2) transmit by written, electronic, or other means to a mortgagor maintaining an escrow account for a person who is liable for an impact fee imposed under this section a statement of the impact fee due under this section.

(h) The county treasurer shall include the following in the statement:

(1) An itemized listing for each taxing unit in which the real property is located, including:

(A) the amount of the tax rate used to calculate the impact fee; and

(B) the dollar amount of the impact fee attributable to the unit.

(2) Information designed to inform the property owner or mortgagor clearly and accurately of the manner in which the impact fee billed in the statement is to be used.

A form used and the method by which the statement and

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1 information, if any, are transmitted must be approved by the state  
2 board of accounts. The county treasurer shall mail or transmit the  
3 statement and information required under this section one (1) time  
4 each year at least fifteen (15) days before the date on which the  
5 first installment is due. The statement that is mailed must contain  
6 the dates on which the first and second installments are due and  
7 denote the amount of money to be paid for each installment.

8 (i) The impact fee imposed under this section is in addition to  
9 any property taxes levied against the real property under IC 6-1.1.

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